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India: New Patents (Amendment) Rules 2016 - Analysing the Key Highlights

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PRELIMINARY OBSERVATIONS

India has a TRIPS compliant, robust, equitable and dynamic IPR regime, pervaded with abundant creative and innovative energies.¹ Despite that, Indian Intellectual Property laws and policies have always strived hard to keep pace with the exponentially growing rapid technological advances. By adopting the New Trademark, Patent, IPR Policy, India seeks to safeguard the interests of intellectual property rights owners with the wider public interest, while combating infringements of intellectual property rights. It further seeks to encourage innovation and research and facilitate effective enforcement mechanisms.

In continuation of its endeavors to further simplify and clarify the laws, the Ministry of Commerce and Industry (Department of Industrial Policy and Promotion), in consonance with the Office of the Controller General Patents, Designs & Trade Marks through Public Notice No.CG/F/Public Notice/2016 published on 16th May, 2016 in Part II, Section 3, Sub-Section (i) of the Gazette of India, Extraordinarily amended the Patent Rules, 2003 (hereinafter referred to as the Rules), vide Patent (Amendment) Rules, 2016 (hereinafter referred to as “the Amendment Rules, 2016”). The rules have come into force with effect from May 16, 2016 and have been notified pursuant to the publication of draft Patent (Amendment) Rules, 2015, notified by the Government of India in Gazette of India on October 26, 2015. Through this article, we summarize the substantial amendments in these Amendment Rules, 2016 while discussing their practical implications.

KEY HIGHLIGHTS

1. STARTUPS

India slowly but surely is emerging as a hub for Startups. India ranks 3rd globally with 4200 Startups and whereas, 9 Indian Startups have been valued at more than a billion dollars², further in the period of 2010-2015, Indian Start-Ups raised \$18 billion³, while 2015 alone saw investments worth \$9 billion across 1,005 plus deals.⁴ Realizing their potential for growth, Government of India launched the Scheme for facilitating Start-Ups Intellectual Property Protection (SIPP), with an inclination towards assisting Start-Ups in protecting and commercializing their IP and giving them access to high-quality IP services and resources. In order to further facilitate the growth of Start-ups, the Government has recognized and introduced Startups to the Patent Rules, 2003 as another type of applicant⁵. The meaning attached to Startups is as follows:

- i. Entity⁶ where more than 5 years have not lapsed from the date of its incorporation/registration;
- ii. Turnover⁷ for any of the said 5 financial years did not exceed Rs.25 crores (\$ 3,744,000 approx.);
- iii. Working towards innovation, development, deployment or commercialization of new products, processes or services driven by technology or intellectual property.⁸

Startups, however, are NOT stated to include:

- i. Entities formed by splitting up or reconstruction of a business already in existence;
- ii. Entities involved in the mere act of developing:
 - a. Products or services or processes which do not have potential for commercialization; or
 - b. Undifferentiated products or services or processes, or
- c. Products or services or processes with no or limited incremental value for customers or workflow, would not be covered under this definition.

In addition to above, the Amendment Rules, 2016 have introduced provisions for cheaper and faster patent registrations for Startups. At the outset it is pertinent to mention that the Amendment Rules, 2016 recognize Startups as individual persons instead of companies. This is evident from the charges levied by the Patent registry for Startups, which are similar to natural persons (individuals). Key charges include; For filing an application in terms of the Patents Act, 1970 (hereinafter referred to as “the Act”), the fees for startups has been fixed to be the same as that of natural persons at Rs.1600/- (\$25 approx.) (e-filing) and Rs.1750/- (\$30 approx.) (physical filing), whereas the fees for companies is at Rs.8000/- (\$120 approx.) (e-filing) and Rs.8800/- (\$130 approx.) (physical filing). Furthermore, NO FEES shall be charged for filing complete specifications after provisional up to 30 pages having up to 10 claims and for withdrawal of the application in terms of the Act and Rules. Further, for expedited examination of application for patent, the Startups shall pay Rs.8000/- (\$120 approx.) and whereas the Companies shall be charged Rs.60000/- (\$900 approx.) for the same. For an application for Compulsory Licensing of Patents in terms of the Act, Startups shall be charged Rs.2400/- (\$40 approx.) (e-filing) and Rs.2650/- (\$40 approx.) (physical filing), whereas; Companies shall be charged Rs.12000/- (\$180 approx.) (e-filing) and Rs.13200/- (\$200 approx.) (physical filing). In addition to above, in cases where an application processed by a Startup is fully or partly transferred to any person other than a natural person or a startup, the difference in the scale of fees, shall be payable by the new applicant along with the request for transfer.⁹ These reductions in costs are sure to boost the Startup Scenario in India.

2. REDUCING TIME FOR FILING RESPONSE TO FER

The time for putting an application in order for grant in terms of Section 21 of the Act has been reduced from 12 months¹⁰ to 6 months¹¹ from the date on which the First Examination Report is issued to the applicant. Such time may be further extended for a period of 3 months on a request made to the Controller before the expiry of the said period of 6 months. This shall be applicable for applications for which the First Examination Reports are issued on or after 16 May 2016.

3. REFUND OF FEES

New rules have been introduced with regard to fees refund as well. At the outset 'Proviso' to Rule 7(4) states that excess fee paid during online filing process, shall be refunded, provided that the Controller is satisfied regarding the same.¹² In addition to that, Patent registry now authorizes a refund of fees under Rule 7 (4A) in terms of which on withdrawal of a patent application, by an applicant, 90% of the fee paid for request for examination or request for expedited examination (as the case may be) shall be refunded to the examiner, provided that the application is at a stage prior to issuance of first statement of objection.¹³

4. EXPEDITION OF EXAMINATION¹⁴

Applicants seeking expedited examination of their applications, may file a request in Form 18A along with the fee as specified only by electronic transmission by indicating any of the following grounds:

- a. The Applicant has indicated India as the competent International Searching Authority or as the International Preliminary Examining Authority; or
- b. The Applicant is a Startup.¹⁵

Expedited Time Frame

- The Examiner shall make a report for the concerned application shall be 1 month but shall not exceed 2 months from the date of reference of the application to him by the Controller;
- The Controller shall dispose of the report of the examiner shall be 1 month from the date of receipt of such report by the Controller;
- A First Statement of Objections shall be issued by the Controller to the applicant or his authorized agent within 15 days from the date of disposal of the report of examiner by the Controller;
- The Controller is required to dispose of the application:
 - Within 3 months from the date of receipt of last reply to the first statement of objections, or
 - Within 3 months from the last date to put the application in order for grant in terms of the Act, whichever is earlier.¹⁶

Strict time frames shall enable swift disposal of the abundant pending cases before the registry, which were reported around 2,37,029 as on 01st February 2016.¹⁷ However, the Controller may limit the number of requests for expedited examination to be received during the year by way of a notice that shall be published in the office Journal, so the applications for such disposals shall be addressed on a first come first serve basis and the same can only be done through e-filing.

5. EXAMINATION DEADLINE FOR DIVISIONAL APPLICATION

In case the parent application is already referred for examination, the divisional application has to be accompanied with a request for examination. (Earlier deadline for filing Request for Examination was 6 months from the date of filing divisional application). The divisional application will then be published within 1 month and will be referred for examination within 1 month from the date of such application.

6. EXPEDITED HEARING PROCEDURES

- Hearings are also going to be heard through video-conferencing or audio-visual communication devices.

- All cases of hearing, written submissions and the relevant documents shall be filed within 15 days from the date of hearing.
- An applicant for a patent or a party to a proceeding may make a request for adjournment of the hearing with reasonable cause along with the prescribed fee at least three days before the date of hearing.¹⁸
- No party shall be given more than two adjournments and each adjournment shall not be for more than 30 days.¹⁹

7. FEE CAP FOR SEQUENCE LISTING

A fee cap has now been provided on the sequence listing pages. Official fee shall now be charged for the first 150 pages only.

8. DELETION OF CLAIMS AT THE TIME OF NATIONAL PHASE ENTRY

Deletion of claims is now allowed at the time of National Phase entry (as opposed to earlier provisions where no deletion was allowed).

9. TIME LIMIT FOR SUBMISSION OF POWER OF AUTHORITY

The authorization of an agent for the purpose of the Act filed in Form 26 or in the form of Power of Attorney shall be filed at the time of filing of the applications or within a period of 3 months from the date of filing of such application, failing which no action shall be taken on such application for further processing.

10. CHANGES IN OPPOSITION PROCEEDINGS

The statement and evidences as filed by the Applicant in its reply to the pre-grant opposition will have to be served on the Opponent in addition to submitting the same at the IPO. The Controllers are to pass a speaking order, while stating whether the application is to be granted or refused.

11. OTHER KEY AMENDMENTS

- Controller may condone delay in transmitting or resubmitting a document to the patent office or performing any act by a party, if the party makes an application to the Controller. The Controller shall only be satisfied about the delay, if the delay is attributed to:
 - War,
 - Revolution,
 - Civil Disorder,
 - Strike,
 - Natural Calamity,
 - A General unavailability of electronic communication services or other like reason in the locality where the party resides or has place of business, and that such situation was of such severity that it disrupted the normal communication in that area and that the relevant action was taken as soon as reasonably possible not later than 1 month from the date when such situation had ceased to exist,

Such a delay condoned by the Controller shall not exceed the period for which the national emergency is in force, or 6 months from the expiry of the prescribed period, whichever is earlier.²⁰

- The Controller has the power to extend the time period for doing any act or taking of any proceeding in under the Act or the Rules by a period of 01 month, based on his discretion and on such terms as he may direct.²¹ This power however shall not extend to certain rules under which the time has already been prescribed.²²

12. NEW FORMS

- **Form 29:** Request for withdrawal of application along with prescribed fee;
- **Form 30:** Where no Form is specified for any purpose, the applicant may use Form 30 as default form.

CONCLUSION

With the government announcing various Tax Benefits under the Financial Bill 2016 for investors in general, these amendments to the Patent Law shall not only make the Indian market attractive to the foreign investors, but also ensure that the current entities in the country do not lose their goodwill in this fast developing world of technology. For certain rules electronic transmission has been considered as the only way through which certain documents can be filed. This ensures that documents are not only preserved, catalogued and maintained efficiently but are also traceable and available for review expeditiously. Providing a fee cap for sequence listing is another welcome move as now several applicants who were paying high fees for high volumes of sequence listing pages shall not be excessively charged. This shall also end the ongoing litigation regarding this issue.

In addition to inducing Startups, the Amendment Rules 2016 have further brought down costs to a great extent and ensure that extra claims of any Applicant can now be deleted which weren't allowed earlier. In addition to above, the government has further permitted filing national phase applications under Patent Cooperation Treaty. Further, allowing deletion of claims at the time of National Phase Entry will certainly help applicants in reducing costs for National Phase Entry in India by deleting any unnecessary claims which may not be patentable subject matter in India. These steps certainly reflect the intention of the government in further simplifying the current Patent regime prevalent in the country.

In addition to this, the Government has sanctioned 373 additional posts in the Patents Wing, including 252 posts of Examiners of Patents and Designs and 76 posts of Controller of Patents and Designs in the 12th Plan under the Plan Scheme for Modernization and Strengthening of Intellectual Property Offices (MSIPO).²³ Further, the Ministry of Commerce and Industry has also created 263 contractual posts of Examiners of Patents and Designs. Online facility for filing of applications has also been strengthened both in Patents and Trademarks wings so as to reduce the workload at the office and also to save the time of applicants.²⁴

These measures envisage India's positive attempts towards an all-encompassing Patent Policy, streamlining procedures for filing and disposal of applications and facilitating the examination of work and optimizing the speed and quality of examination. While global pharmaceutical companies and drug brands shall still strive for further relaxation to India's Intellectual Property rules and against its price controls and marketing restrictions, these amendment rules are sure to promote a holistic and conducive ecosystem to catalyze the full potential of intellectual property for India's growth and socio-cultural development, while protecting public interest.

The complete set of rules can be viewed in full [here](#)

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